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C O N F I D E N T I A L ROME 000256

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AMCONSUL DUBAI/IRPO, AMY LENK AND JILLIAN BURNS  
TREASURY FOR U/S LEVEY

E.O. 12958: DECL: 02/08/2017

TAGS: [PREL](#) [PTER](#) [ECON](#) [EFIN](#) [IR](#) [IT](#)

SUBJECT: IRAN: REPORTS OF LEGAL ACTION AGAINST ITALY  
MISLEADING

Classified By: A/ECMIN KATHLEEN REDDY FOR REASONS 1.4 (B) AND (D).

Summary and Comment

11. (C) Iran Daily reported online (in English) January 30 and 31 that the Government of Iran will "take legal action against Italy,s decision to suspend its banking cooperation with Iran." Government of Italy contacts believe the proposed legal action by Iran is not linked to UNSCR 1737 or recent Treasury Department designations, but, rather, to the Court of Rome's 2005 decision to honor a U.S. court ruling in favor of the families of U.S. citizens killed by Iranian-sponsored acts of terrorism in the 1990s. (This ruling led Italy to freeze the bank accounts of the Iranian Embassy in Rome.) The GOI provided the Embassy with figures that show a marked decrease of Iranian banking assets in Italy since the Court of Rome's decision. End Summary and Comment.

12. (U) Iran Daily reported on its website (in English) January 30 and 31 that the Government of Iran will "take legal action against Italy,s decision to suspend its banking cooperation with Iran." The article's sole source is the Managing Director of Iran's Export Development Bank, Tahmasb Mazaheri. He is quoted as saying that Iran will go to an Italian court "in the near future" and that Italy had once "severed" banking ties with Iran, which led Iran to withdraw assets from Italy. The second of the two articles also reported that "Italy,s move to restrict its financial transactions with Iran comes a few weeks after the United States barred American financial institutions from doing business with a major Iranian bank."

13. (C) Poloff and Econoff spoke with MFA and MOF officials February 1-2 about the two articles quoted above. Our contacts agreed that the "legal action" mentioned is not related to UNSCR 1737 and recent Treasury designations of Iranian Banks Sepah and Saderat. Rather, our contacts believe that Mazaheri's comments were tied to the Court of Rome's 2005 decision to freeze the accounts of the Iranian Embassy in Rome, following a U.S. court ruling awarding USD 523 million in damages to Amcit families of victim of Iranian-sponsored acts of terrorism in Israel in 1995 and 1996. (Note. According to Embassy contacts, this case is still in the Italian court system. End note.)

¶4. (C) The MFA provided the Embassy February 1 with figures from the Italian Foreign Exchange Office (Ufficio Italiano dei Cambi) of total Iranian banking assets in Italy. The figures show a marked decrease in Iranian banking assets over the past two years:

- December 31, 2004 = 906 million euros;
- December 31, 2005 = 565 million euros; and
- June 30, 2006 = 168 million euros.

¶5. (C) Comment. As we see it, the Iran Daily article is sloppy: Mazaheri does not clearly state the reason for Iran,s supposed planned court action in Italy. We report the matter to clarify that Embassy sources do not believe that the Iranian official is referring to possible legal action against the Government of Italy for issues related to UNSCR 1737. End Comment.  
SPOGLI